

News Release



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FOR IMMEDIATE RELEASE

Phelps Dodge settles with Arizona and EPA for \$1.4 million

(Phoenix, Ariz. – June 21, 2004) The Arizona Department of Environmental Quality and the Attorney General's Office have settled a joint lawsuit against Phelps Dodge Corporation for environmental violations committed at its Sierrita mine, located near Tucson. The U.S. Environmental Protection Agency joined the lawsuit, and will share the \$1.4 million penalty assessed for allegedly violating the Clean Air Act. The environmental violations alleged in the joint lawsuit were committed by Phelps Dodge's predecessor, Cypress Sierrita Corporation.

The Sierrita mine and processing plant is a major source of air pollution, and the EPA estimates that more than 1,000 tons of sulfur dioxide were illegally discharged into the air from the copper mine and ore processing plant. The State sought civil penalties for violations of notification, testing and reporting requirements pursuant to the New Source Performance Standards.

The alleged violations from the State of Arizona included:

- Cypress Sierrita Corporation failed to notify ADEQ about new equipment installed at the Sierrita mine as required by Arizona State law
- Cypress Sierrita Corporation failed to perform tests to ensure the mine's air pollution control equipment could control any new pollution
- Cypress Sierrita Corporation failed to submit ongoing reports about how well the air pollution control equipment was performing between 1993 through 1998.

The settlement includes the following:

- Phelps Dodge will pay a total of \$1.4 million in monetary penalties. The State of Arizona will receive \$140,000 of that total
- Phelps Dodge must install a continuous emission monitor on the molybdenum roasters to ensure it is removing at least 90 percent of the sulfur dioxide
- Phelps Dodge must seek revisions to its air quality permit to ensure all of its equipment is properly identified, tested and monitored for pollution emissions

Phelps Dodge has since corrected these violations.

“These were serious violations of the law committed by Cypress Sierrita,” Arizona Department of Environmental Quality Director Steve Owens said. “Phelps Dodge has acted appropriately in correcting the violations and resolving this matter.”

In addition to the State violations, the EPA sought additional penalties for these violations as well as penalties for Cypress Sierrita Corporation’s failure to obtain proper permits for several new pieces of equipment installed at the mine between 1982 and 1996.

The soot or particulate matter discharged from the mine affects the respiratory system and can cause damage to lung tissue and premature death. The elderly, children, and people with chronic lung disease, influenza, or asthma are especially sensitive to high levels of particulate matter.

The settlement was filed in the United States District Court of Arizona in Tucson, and is subject to a 30-day public comment period and final court approval.

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